Equalizing Educational Opportunities for Students and Taxpayer Effort

"All children of the state are entitled to reasonably equal educational opportunities regardless of their place of residence in the state and of the economic situation of their respective school districts or other agencies"

Utah Code Section 53A-17a-102

Office of Legislative Research and General Counsel

May 19, 2010

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Equalization Questions

- How, and to what extent, does Utah's school finance system equalize educational opportunities and taxpayer effort?
- Can equalization be enhanced under the existing school finance system and, if so, how?
- How can the school finance system be modified to enhance equalization?

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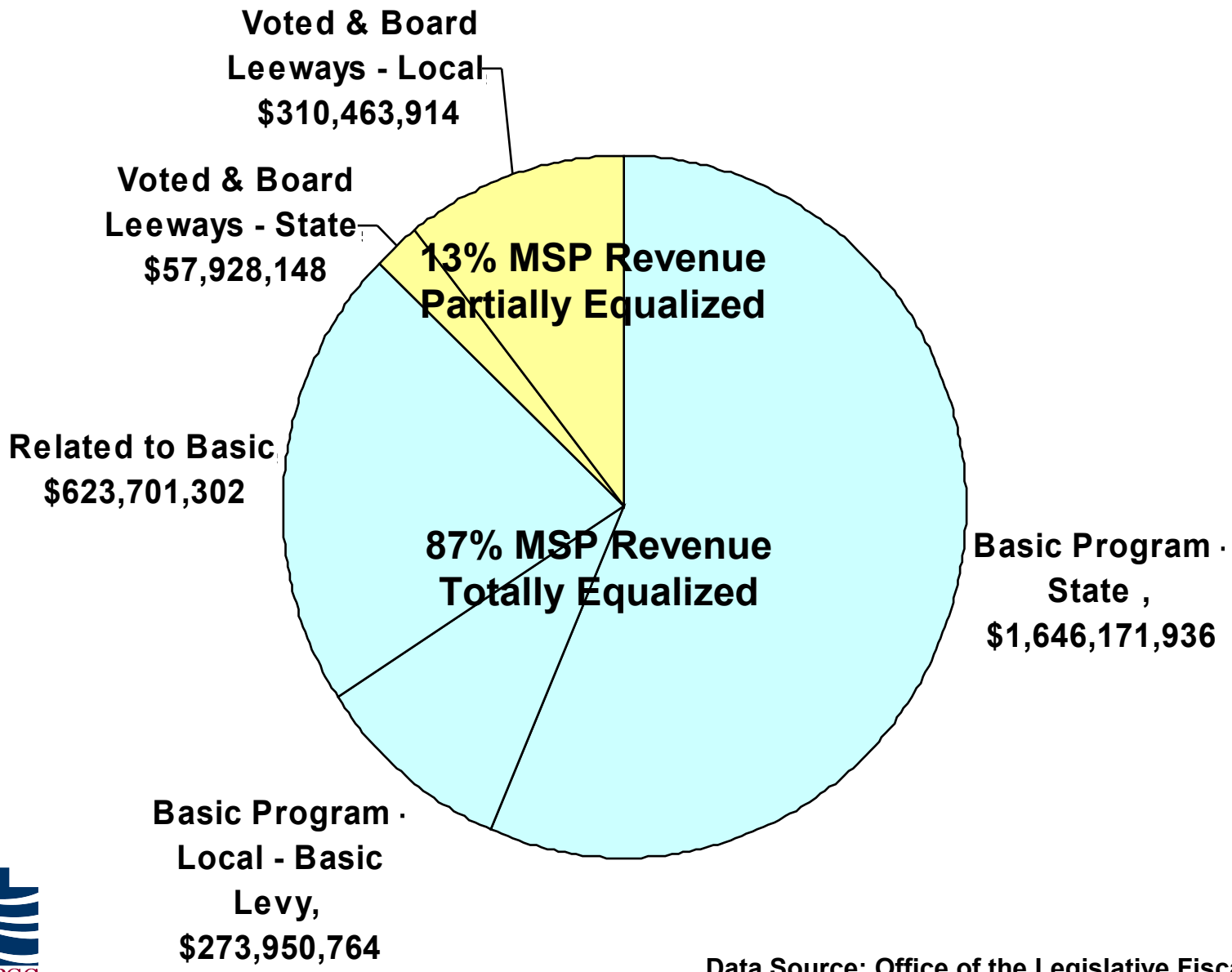
Minimum School Program Revenue

FY 2011 = $2,912,216,064



Data Source: Office of the Legislative Fiscal Analyst

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Basic Program Allocation

- Basic Program revenues are allocated to school districts and charter schools based on the number of Weighted Pupil Units (WPUs) assigned.
- WPUs are assigned for:
  - number of students in kindergarten and grades 1 - 12
  - number of students in special education programs
  - school district administrative costs and rural schools
  - experience and educational level of professional staff
  - career and technical education programs
  - class size reduction
- Legislature sets value of WPU each year - $2,577 for FY 2009, FY 2010, and FY2011

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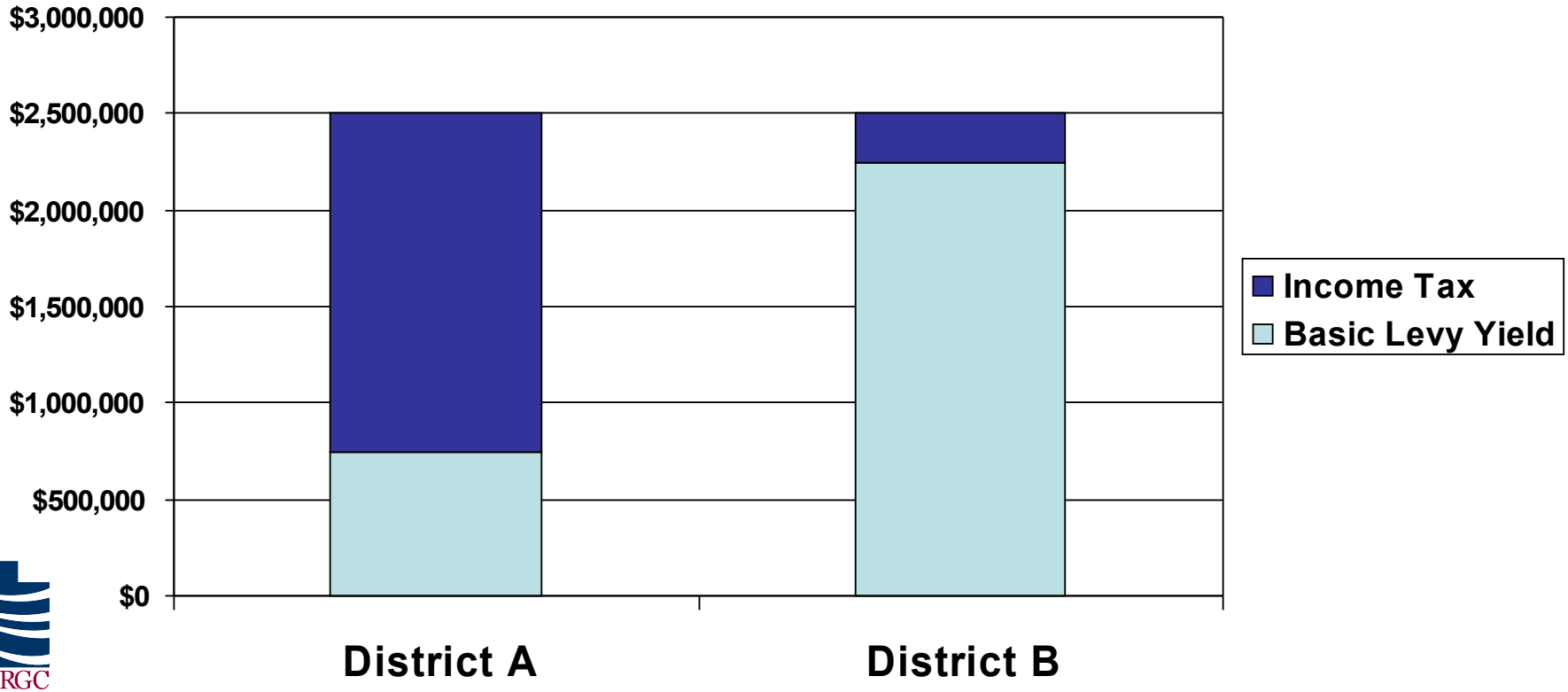
Basic Program – Two Hypothetical Districts

Value of WPU	$2,500
WPUs	1,000
Basic Program Cost	$2,500,000
Net Taxable Value	$500,000,000
Basic Rate	.001500
Basic Levy Yield	$750,000
Income Tax	$1,750,000

Value of WPU	$2,500
WPUs	1,000
Basic Program Cost	$2,500,000
Net Taxable Value	$1,500,000,000
Basic Rate	.001500
Basic Levy Yield	$2,250,000
Income Tax	$250,000



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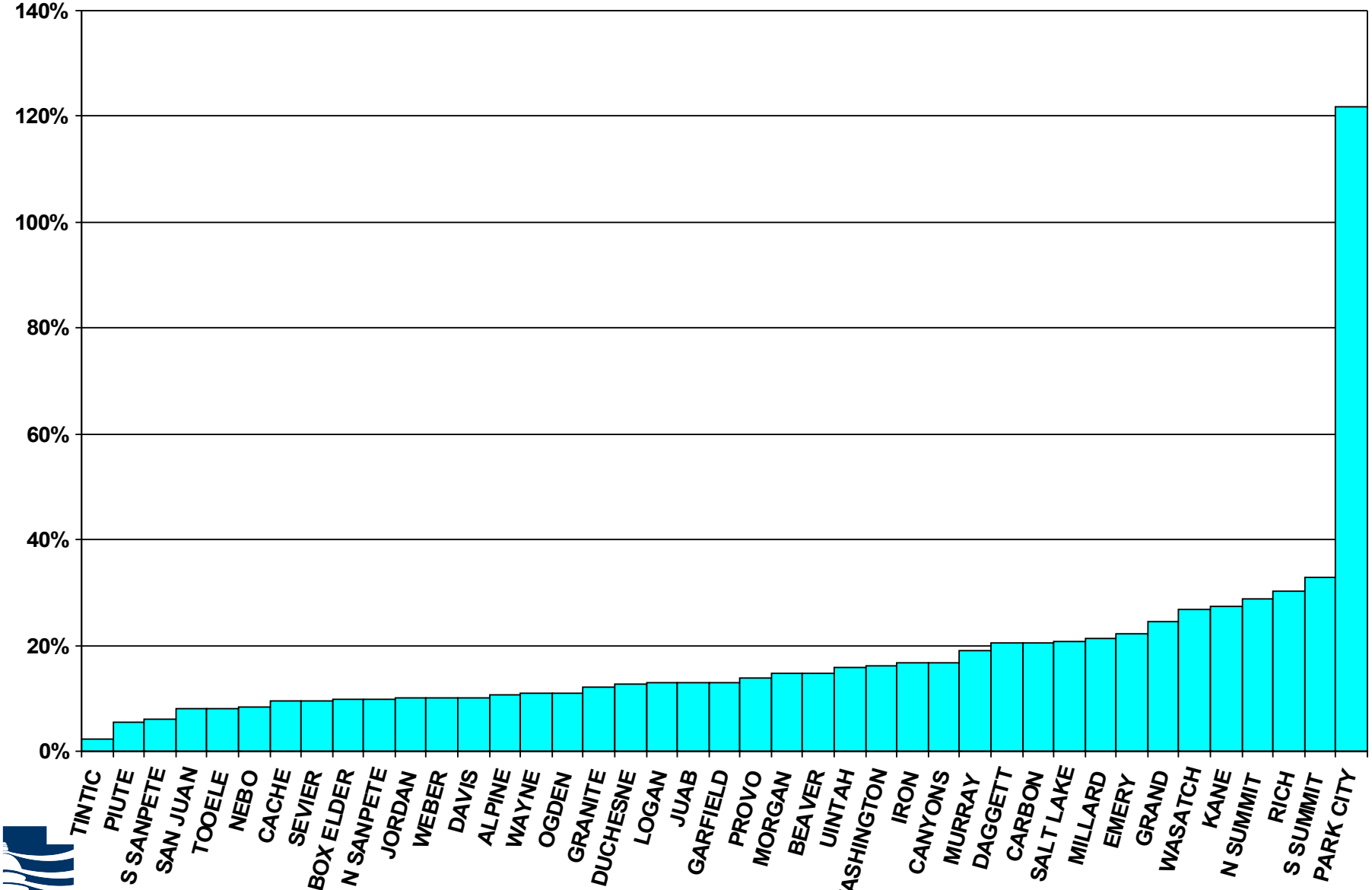
Percent of Basic Program Cost from Basic Levy Revenue

FY 2011



Data Source: Utah State Office of Education

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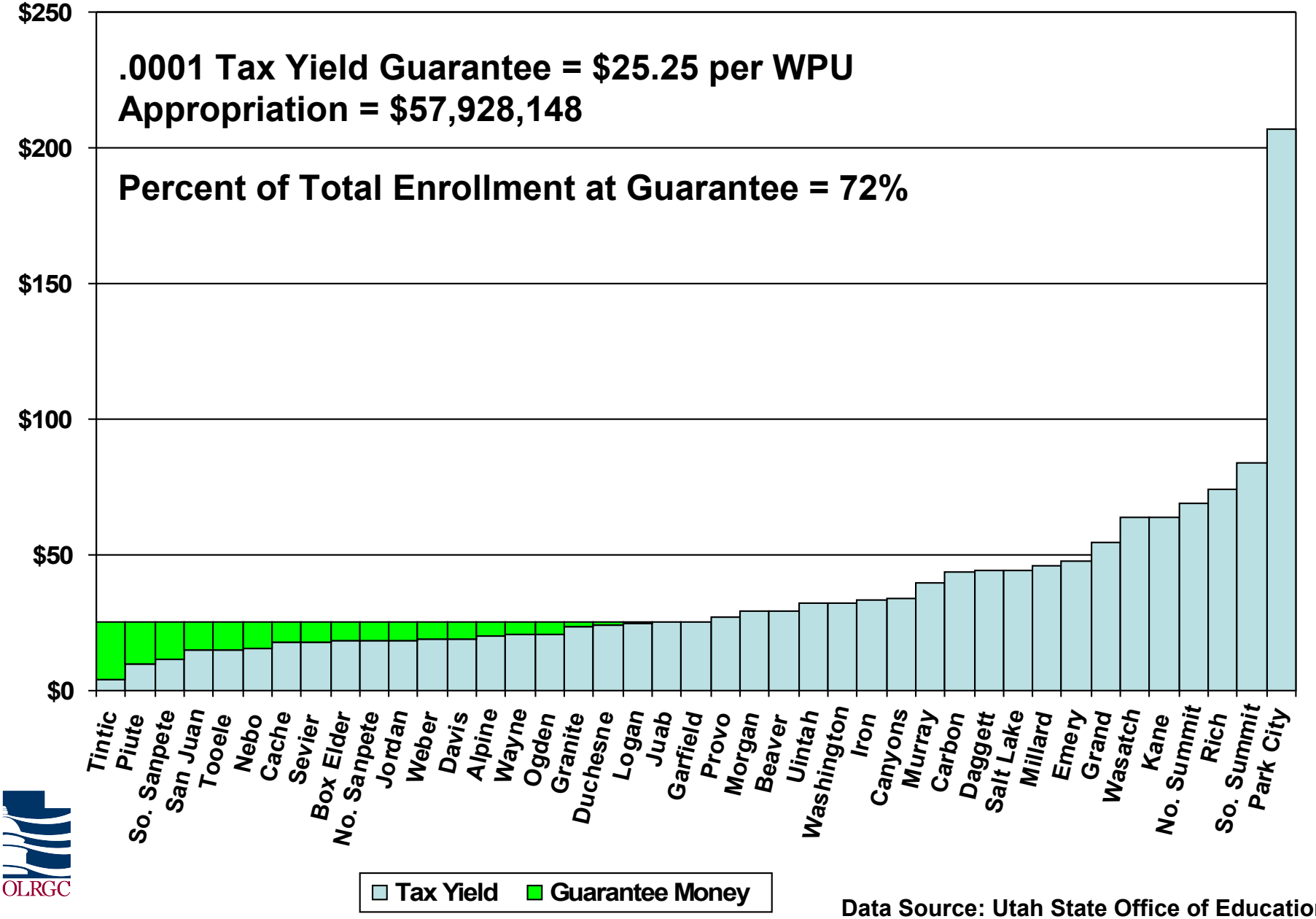
Voted and Board Levy -- .0001 Tax Rate Yield per WPU

FY 2011



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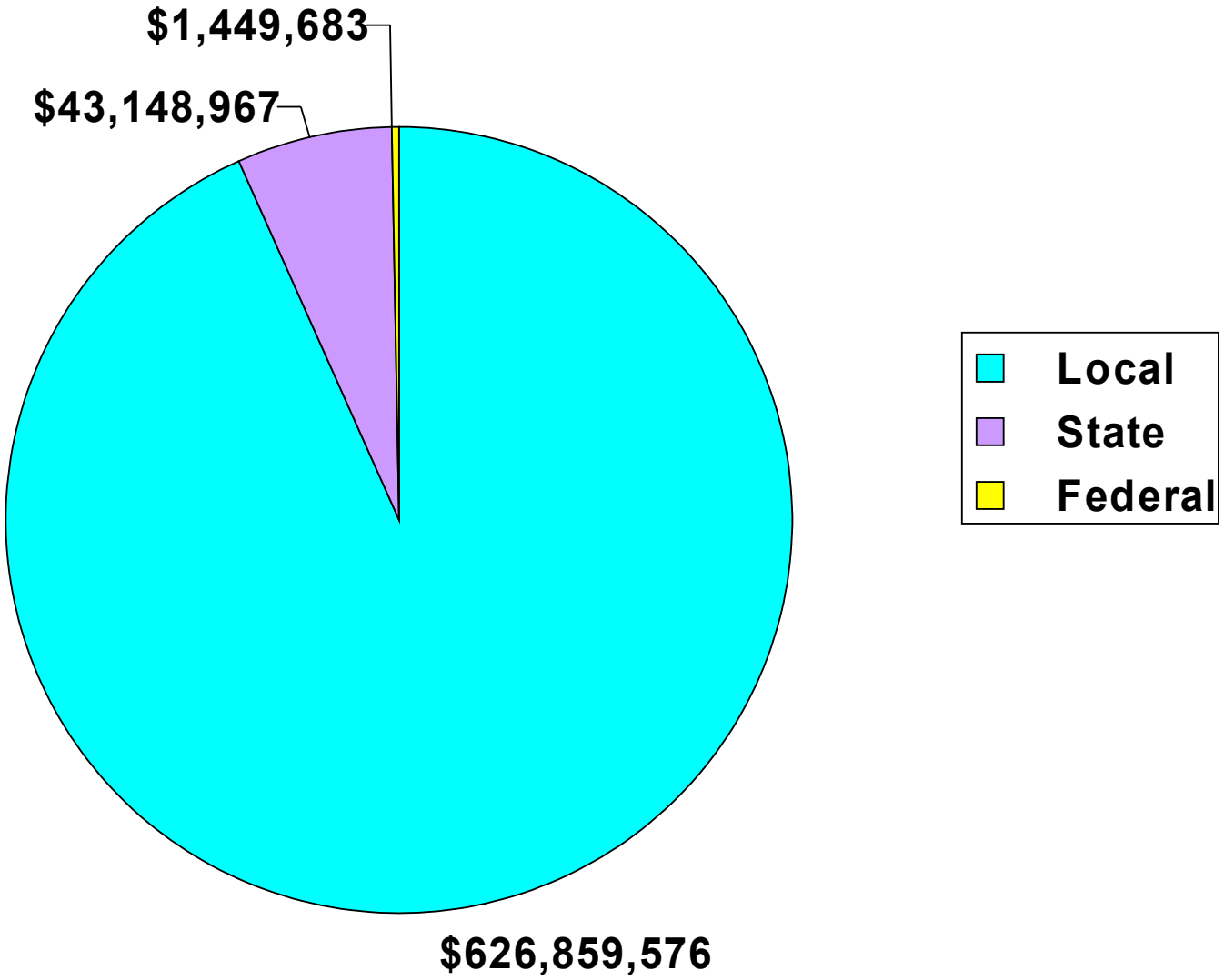
Data Source: Utah State Office of Education

Capital Outlay, Debt Service, and Building Reserve Revenue Sources

FY 2009



Data Source: Utah State Office of Education

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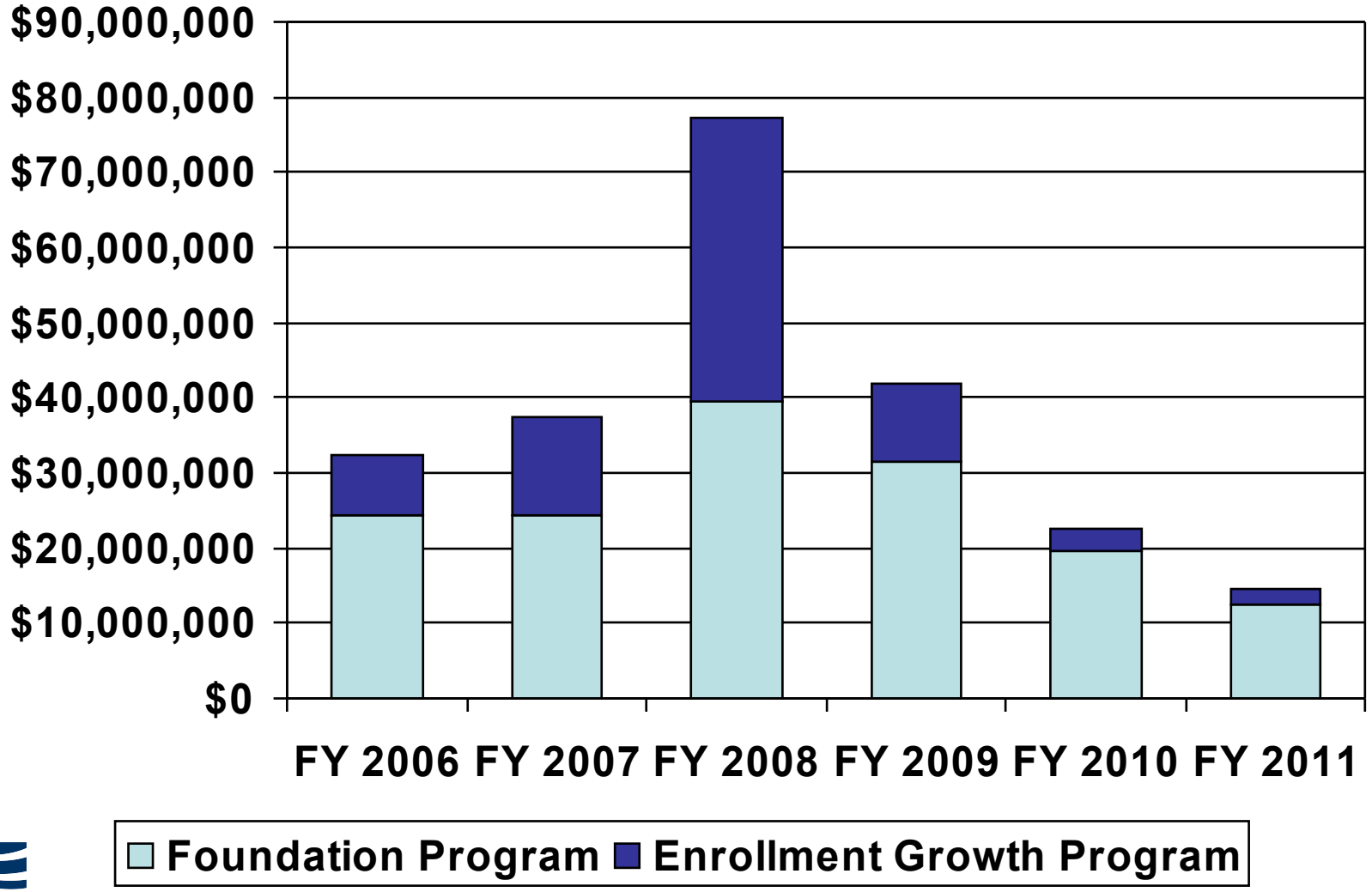
Capital Outlay Program Funding



Data Source: Utah State Office of Education

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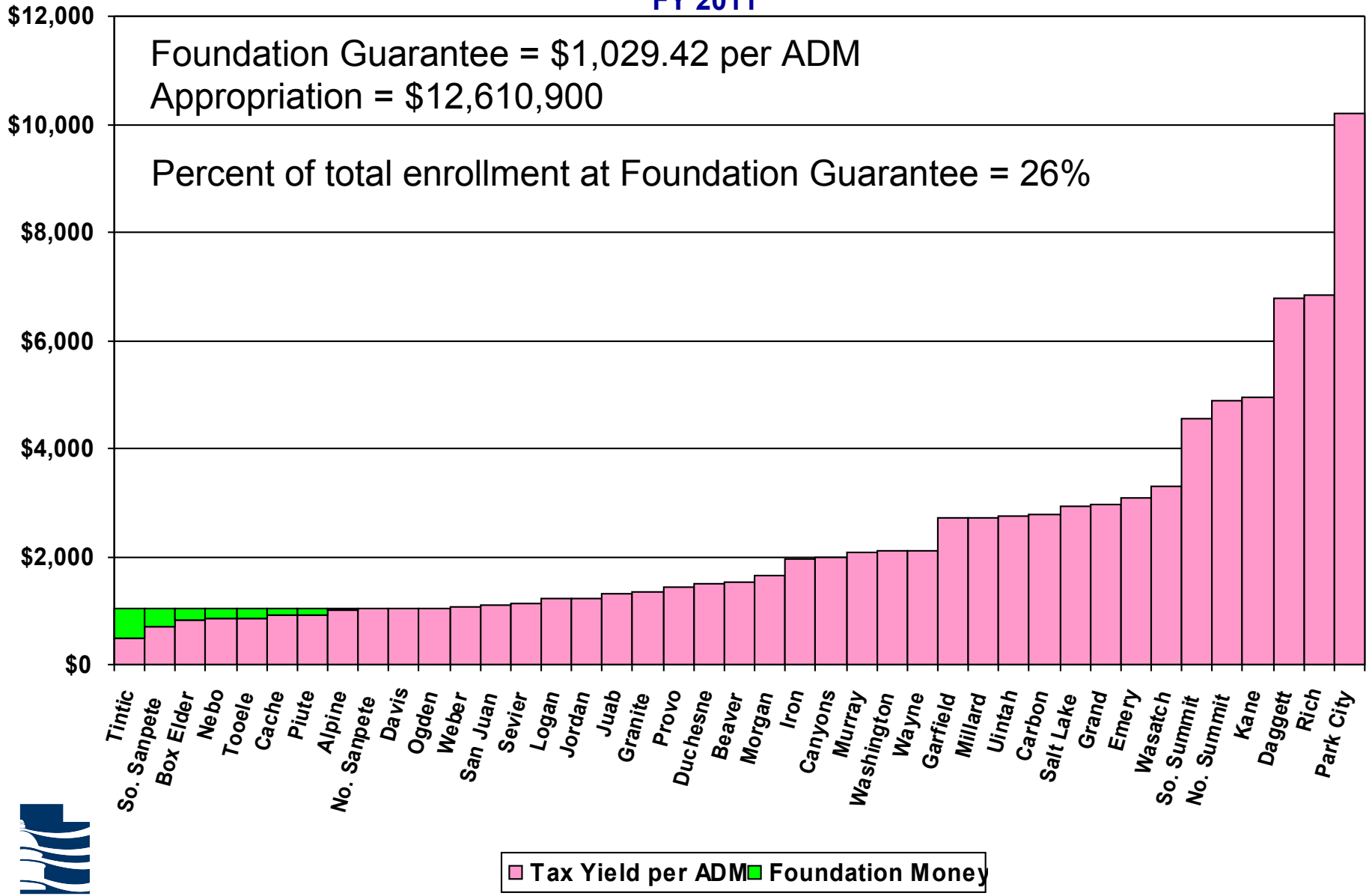
Capital Outlay Foundation Program - .
0039 Tax Yield per ADM

FY 2011



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Data Source: Utah State Office of Education

Equalization Methods

1) Guarantee that a local discretionary property tax rate generates a certain amount per WPU or per student.
2) Dedicate a revenue source other than property tax, allocate the revenue on an equitable basis, and decrease local discretionary property tax in the amount of the allocation.
3) Pool certain property tax revenues, allocate the revenues on equitable basis, and adjust other local discretionary property taxes up or down to offset the difference between tax revenue generated and the allocation received.
4) Allocate school funding using a weighted student formula.

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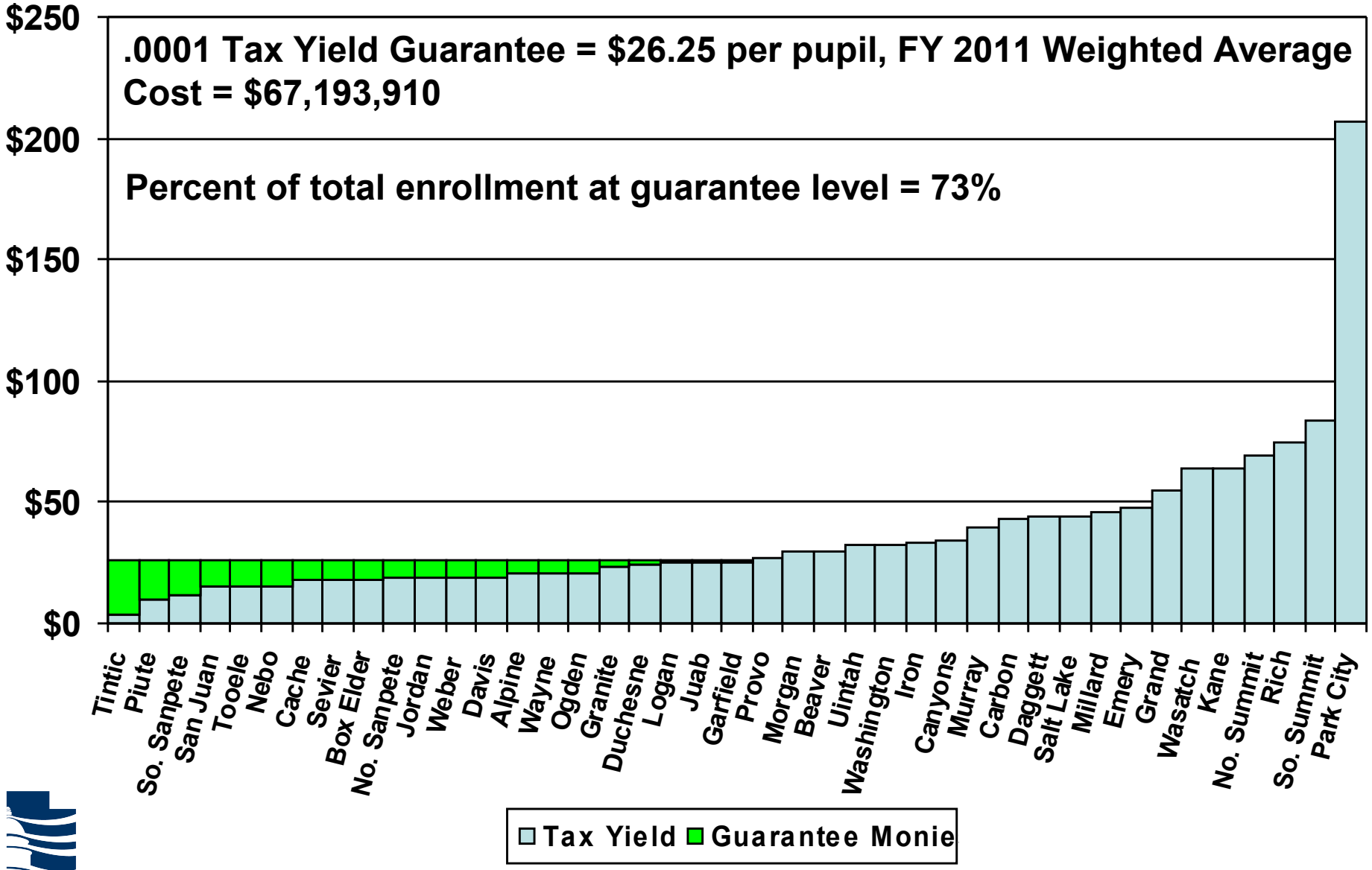
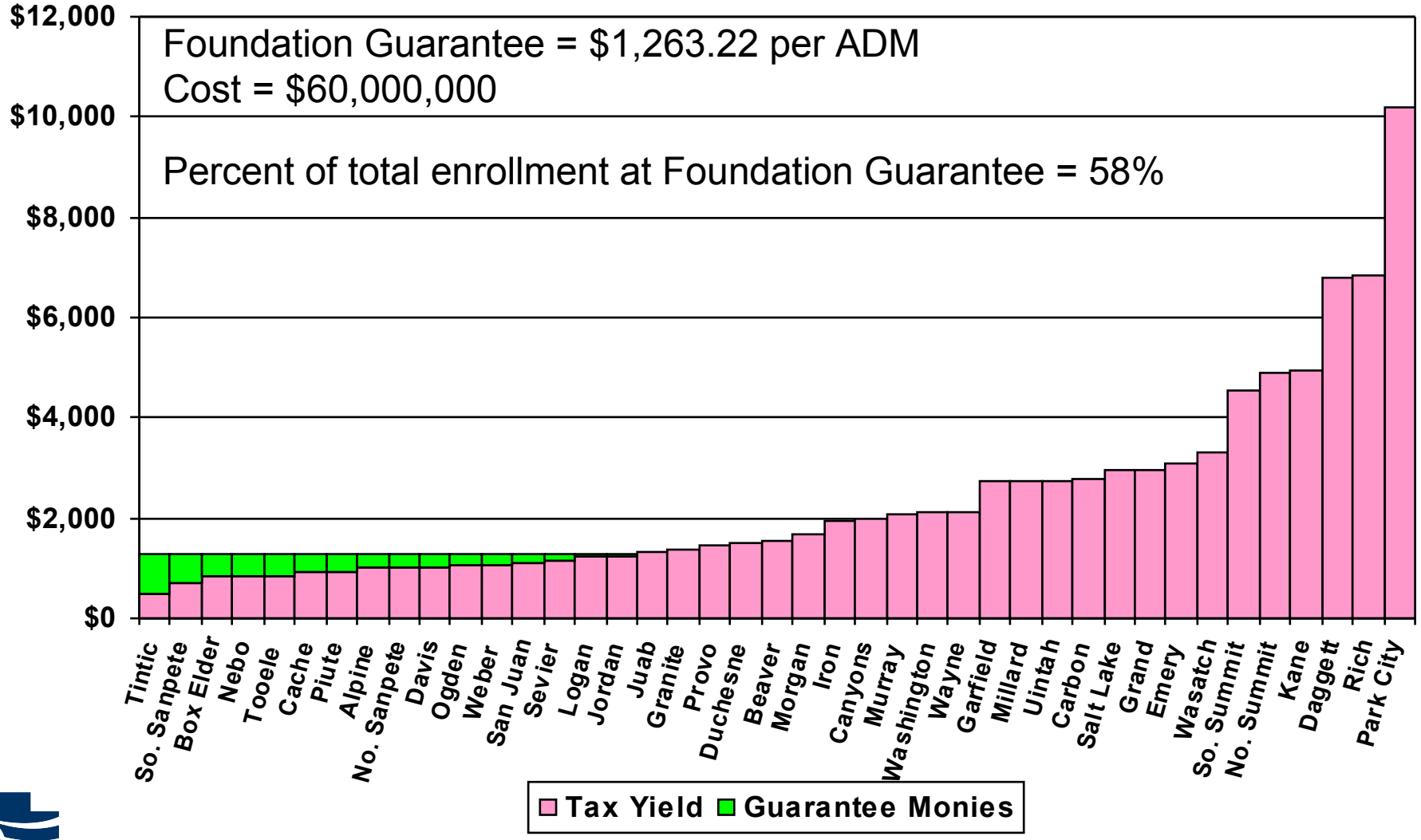
Voted and Board Levy – .0001 Tax Rate Yield per WPU



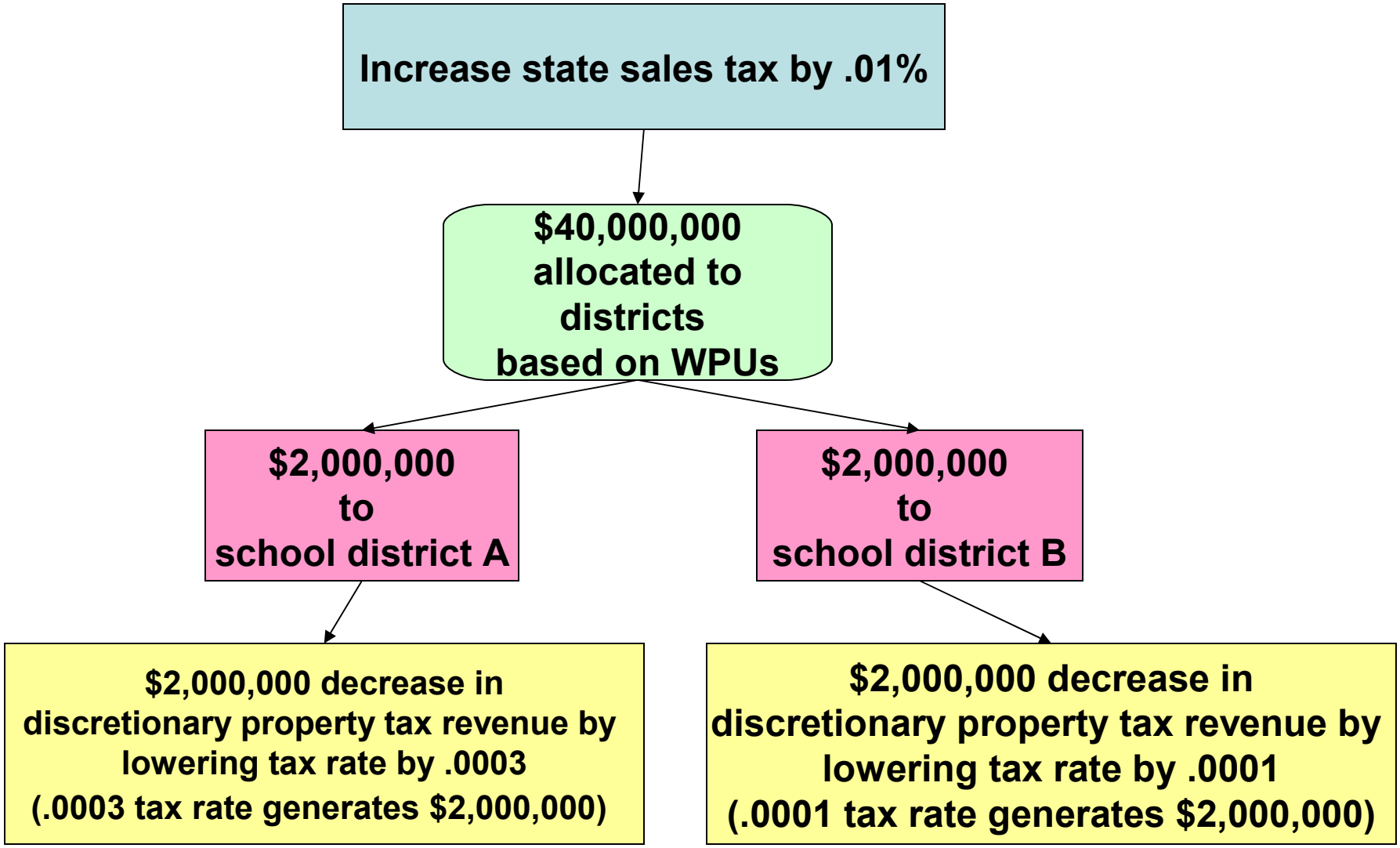
Data Source: Utah State Office of Education

Capital Outlay Foundation Program – .0039 Tax Yield per ADM



Data Source: Utah State Office of Education

Increase Sales Tax Rate, Decrease Discretionary Property Tax Rate



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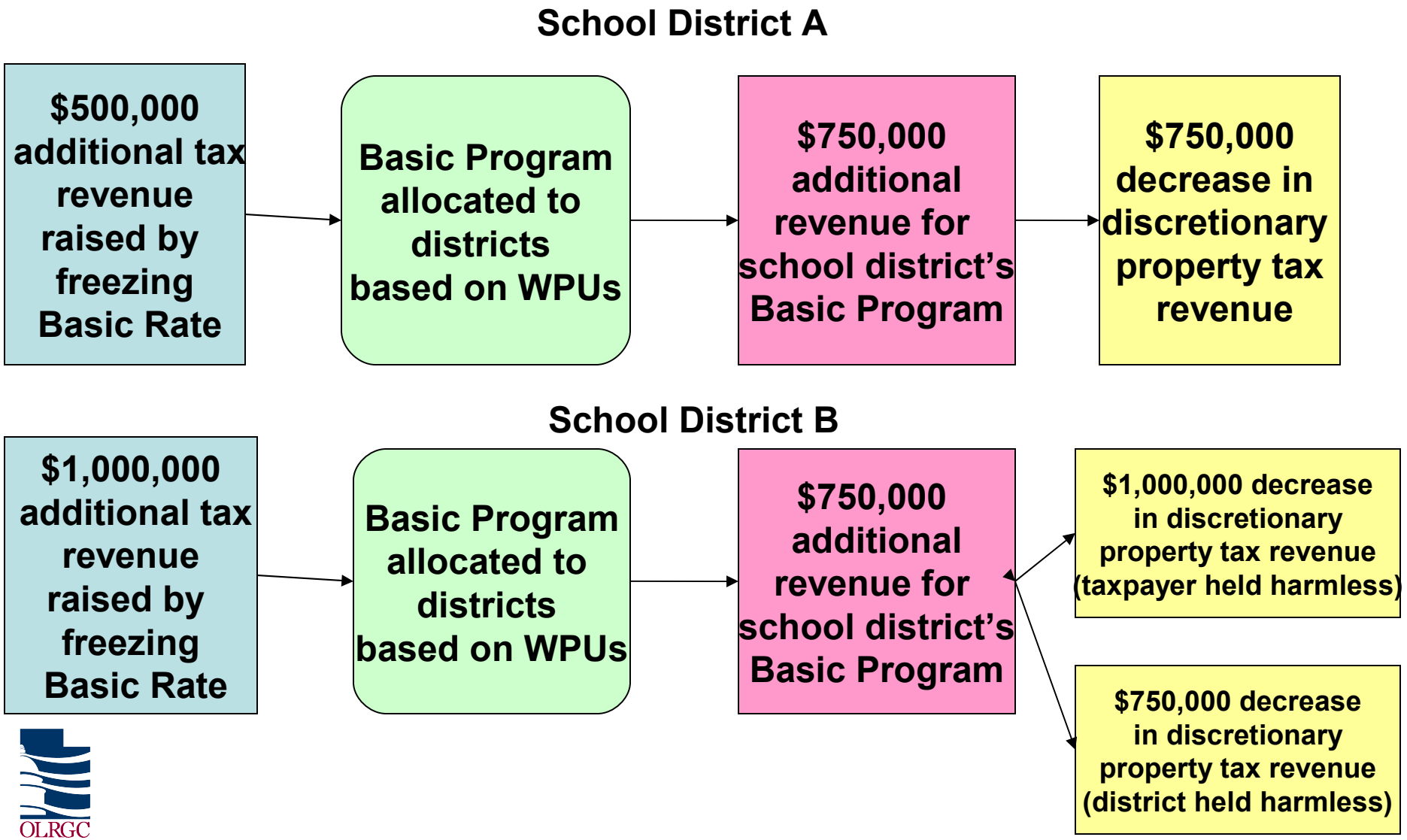
Increase Basic Rate, Decrease Discretionary Property Tax Rate



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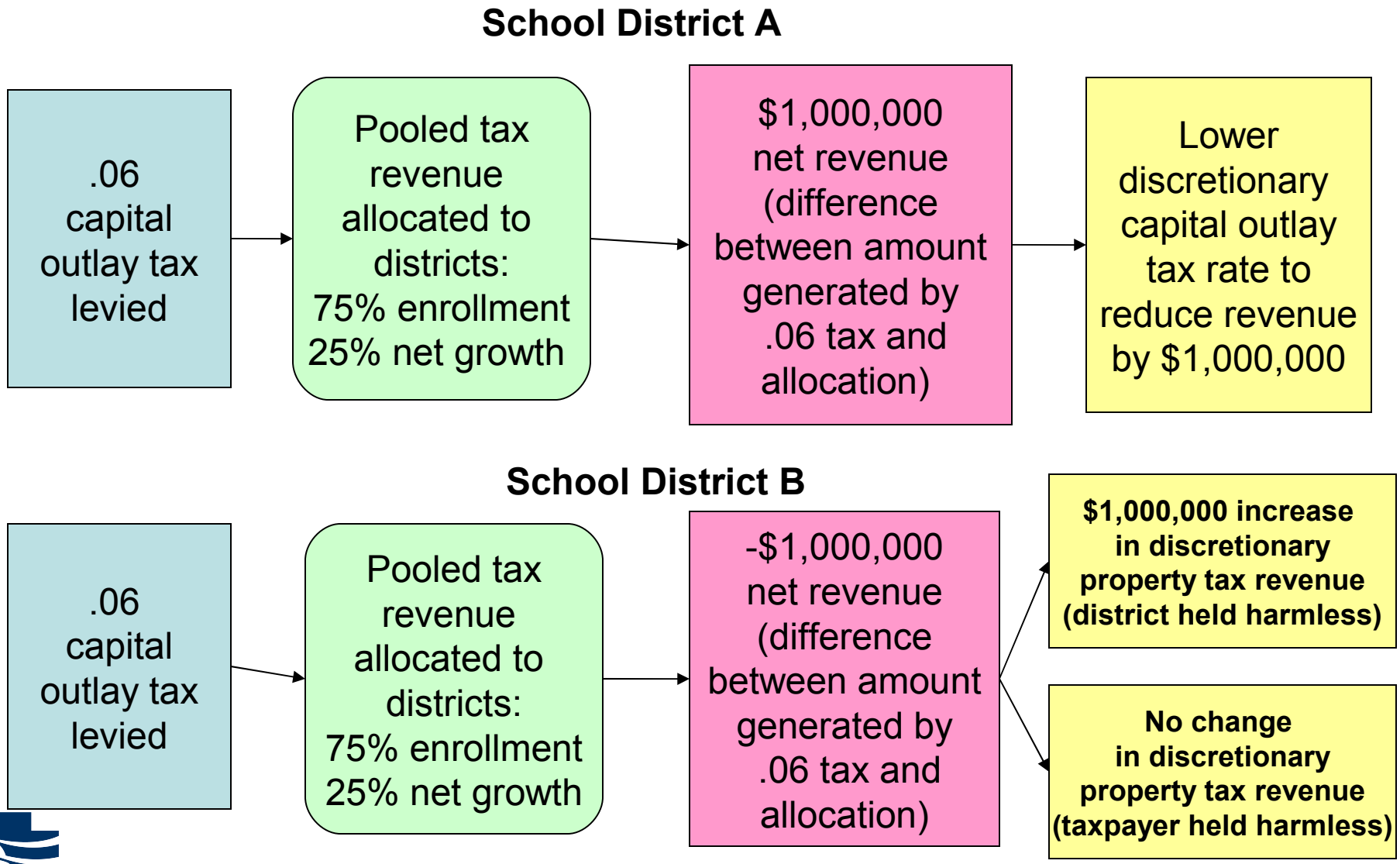
Impose Mandatory Property Tax, Adjust Discretionary Property Tax Rate



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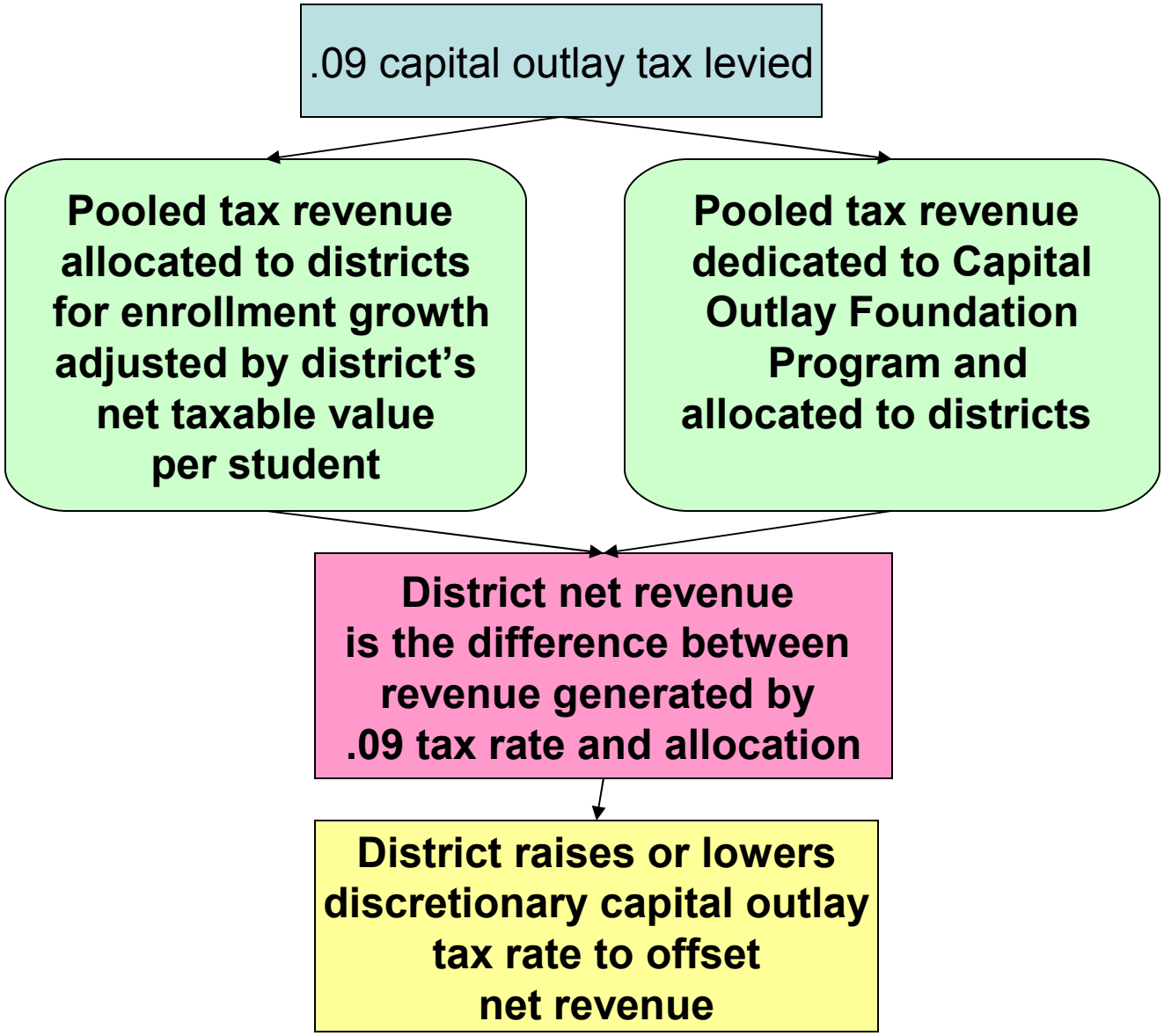
Impose Mandatory Property Tax, Adjust Discretionary Property Tax Rate



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Weighted Student Funding Principles

1) Funding should follow the child, on a per-student basis, to the public school that he/she attends.
2) Per-student funding should vary according to a child's need and other relevant circumstances.
3) The funds should arrive at the school as real dollars that can be spent flexibly.
4) These principles should apply to all levels of funding, e.g., federal, state, local.
5) All funding systems should be simplified and made transparent.

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Source: Thomas B. Fordham Institute, *Fund the Child, Tackling Inequity And Antiquity in School Finance* (Washington, D.C., 2006).

Please feel free to contact the Education Team with any questions:

Office of Legislative Research and General Counsel

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